

The Tao of Bitcoin

Issue #2



The True Bitcoiner's Higher Path

Issue #2

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Issue #2 of *The Tao of Bitcoin* was deeply inspired by OpenTransactions.org: 100% Pure Open Source Brilliance!

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Brief Word From The Editor

From the time I finished The Tao of Bitcoin, Issue #1 to the time of this writing, bitcoin has taken yet another major plunge largely due to another round of Mt. Gox shenanigans. To bitcoin's credit, it not only survived, but stabilized rather quickly, all things considered.

Nonetheless, the global impact of the Chinese bitcoin market is SO substantial as to overpower the rest of the world combined. Thankfully, Mt. Gox is not-so-slowly but surely shriveling up into the long-overdue withered husk it deserves to be.

The most salient takeaway from the whole Mt. Gox fiasco, is that the world needs a 100% open source, provably fair, decentralized (peer-to-peer) trading platform that *completely obliterates the need for a centralized exchange altogether*.

As luck would have it, The Tao of Bitcoin, Issue #2 is entirely devoted to exactly such a solution. Quite literally the **Holy Grail** of the entire bitcoin ecosystem.

So grab your favorite beverage of choice, kick back and enjoy issue #2 of The Tao of Bitcoin!

Best regards,

Mark M. Bravura

UberNifty.com

Prologue

I shall set the stage by reprinting an article I wrote awhile ago showcasing the absolute most kickass technology of it's kind to date, then pick up the conversation where I left off...

Revolutionary Open Source Breakthrough: REALLY Be Your Own Bank Now!

By Mark M. Bravura

Attribution: [Open-Transactions.Github.io/introduction/2014/01/16/revolutionary/](https://open-transactions.github.io/introduction/2014/01/16/revolutionary/)



Maintained by a global community of passionate volunteers, Open-Transactions (OT) is *pure history-making open source genius* with simply stunning potential.

Imagine the concept of having multiple “characters” in a badass (real-world) financial role-playing game; except with Open-Transactions, you can create as many on-demand **pseudonyms** (aka “Nyms” - which are actually *individual public keys*) as you desire.

What’s more, is that each of your Nyms can maintain their very own asset accounts of various types, on OT servers (as well as gain their own reputation). You can even have one or more super-stealthy “Ninja” Nyms and *enjoy the forbidden pleasures* of [unlinkable digital cash](#) without accounts via “cash-only” mode (aka Magic Money).

You’re now able to create, issue, sign and distribute new digital asset types, currency contracts and more *with ease*. Moreover, OT actually makes hedging against failing economies, centralized bank systems and shady government practices (i.e. Argentina, Cyprus, etc.) *very sexy*:

- Enjoy the convenience of unlinkable cash the way it was meant to be,
- Easily enter into pre-existing global markets (and introduce fresh new ones),
- Rapidly launch innovative products and services that were never before possible,

- Issue your very own trade instruments and virtual currencies / assets just like the Big Boys & Girls of Finance,
- And even quickly start brand new virtual corporations, to name merely a small handful of the breathtakingly exciting possibilities.

From the Developer's standpoint, it combines an easy-to-use Industrial Strength FLOSS framework that implements the OTX protocol while providing:

- A high-level API,
- A Java-based GUI test wallet,
- A command-line wallet utility (CLI),
- A robust financial cryptography library,
- And even a fully-functional prototype server.

“Bitcoin technology holds the potential real value of taking true democratic control of our right to conduct private commercial exchanges back into our own hands, without any need for artificial debt associated with it. No artificial debt, no artificial backing with perceived values of artificially manipulated metals, no artificial regulations, just real value for real value between real people.

There is a distinct difference between the price and the actual value of Bitcoin. There will also remain a difference between the actual value, and the perceived value of Bitcoin, until more people stop focusing on ‘how’ the Bitcoin network functions, and simply allow themselves to grasp ‘why’ the Bitcoin network functions in so very many highly desirable ways.

There will be lots of time to learn how it works, and why it works later. Think of it like the internet, hardly any of us actually knows exactly how the web, or e-mail, or domain names work from a technical perspective, but they all do and they all provide amazing convenience.

It took several years for people to realize the value in “domain names” or in the concept of ‘e-mail’, but eventually everyone figured out the value of the “functionality”, and now those commonly inexplicable things are commonplace.”

Excerpted from [Bitcoin Value .vs Price](#)

OT takes the above quote to the Next Level, by democratizing and decentralizing *all of the same great financial instruments and monetary tools* historically reserved only for World Bank globalists and their corporate cronies.

In other words, this exceedingly powerful digital cash / cryptocurrency financial toolbox now allows us to *seriously compete with the global elites*; at the individual level. At the same time, it also allows us to conveniently avoid total reliance on data-harvesting “NSA spybox” 3rd party servers.

With OT you now can:

- Create vouchers,
- Trade on markets,
- Create Ricardian contracts,
- Set up a private escrow service,
- Create custom basket currencies,
- Set up recurring payments / memberships,
- Issue your own virtual currencies and stocks,
- Script custom smart contracts and agreements,
- Pay dividends and create asset types / accounts,
- Write and deposit checks (including cashier's checks),
- Send and receive digital cash (including crypto, fiat and "in house" digital currencies), plus much more.

Aside from the fact that Open-Transactions uses strong cryptography, other additional highly desirable anonymity and security features include:

- Destructible receipts,
- non-repudiable checks,
- Account history destruction,
- Secure and provably fair multi-party receipt signing,
- Unlinkable cash (via PGP-based Chaumian blinding),
- And the best part: Unchangeable balances and unforgeable transactions.

NO server whatsoever - *not even an OT server* - can ever change balances, or forge transactions, because your signature on your receipts simply cannot be forged. Moreover, all of this is done in such a way as to ensure that all parties are able to prove - *at all times* – exactly which transactions have cleared and which assets are authorized.

However, the exciting part is that storing entire “mile long paper trail” transaction histories is now *a thing of the past*. OT merely keeps the last signed receipt.

Also, both Nyms and Asset Types have consistent IDs across all OT servers (each unique ID is created by hashing the relevant contract or public key). The impressive range of Open-Transactions financial instruments directly parallel the same financial instruments that we’re already accustomed to.

The difference is that OT gives us a whole new world of *democratized pleasure and excitement* to do it with; while conveniently cutting out the draconian “middleman”.

For example, OT implements higher-level, contract-based transactions such as reoccurring payments, smart contracts (multi-party agreements with scriptable clauses) and a **full suite of market trading options**, such as:

- Day orders,
- Stop orders,
- Limit orders,
- Stop limits,
- Market orders,
- And fill-or-kill orders

Ever wanted to set up your own highly lucrative custom markets, just like NASDAQ? Well now you finally can! Another truly innovative feature of OT, is **basket currency support**. A basket currency is a user-definable custom “hybrid” currency created by combining two or more stand alone currencies.

Example: Lets say you wanted to create a new currency called FastSexCoin for a discreet companionship service. So you might define one FastSexcoin currency unit = 1000 Fastcoins + 5000 Sexcoins.

To put FastSexcoins into (or take FastSexcoins out of) that particular currency basket would always then be in those specific combinations. Basket currencies come in quite handy for situations such as *mitigating risk across multiple issuers*.

Conclusion If ever there was a Dream Big Toolkit, OT is definitely it. In terms of whole new venues of global opportunity, the ramifications of OT *makes the mind race with fresh, new, radically exciting ideas*. Consequently, this also means that there’s never been a better time than Right Now to get **your** Big Dream on the go.

You’ve certainly now got the ultimate open source platform to do it with! For more information on OT, be sure to visit OpenTransactions.org

Disrobing Bitcoin Volatility

If we are to survive the quickly-approaching global economic upheaval, then we must take extra precautions and discretionary measures to “insure” our volatile (albeit highly lucrative) cryptocurrency assets with an *extremely well-endowed* risk-hedging strategy.

The Open-Transactions “basket currency” capability is that which fuels the Ultimate Solution for making the *vast majority of risk* involved with highly volatile altcoins *entirely negligible*.

True Confessions

Admittedly, I am 'code illiterate', which means that actually understanding how to get the OT Developer Client up and running in a manner *suitable for a typical non-code geek end-user* is completely incomprehensible.

Which makes the OT platform much akin to *unfulfilled sex*... left drooling over all of the mind-blowing prospects after absorbing all [documentation](#) and [video tutorials](#) posted to date (not to mention [this rather tasty tantalizer](#)).

In the meanwhile, there is supposedly a version being developed for the general public that one day might finally be released via [Monetas](#) (the still yet theoretical general public / end-user commercial version of OT). Rather audacious promises... but alas, at the time of this writing, they have yet to unveil their wondrous awesomeness.

On the upside, I do in fact “get” what an API is and what purpose it serves. Short for “application programming interface”, it's simply a means to specify how unrelated software components / apps need to interact with each other.

Consequently, everything I am about to prophesy is in fact **100% realistically achievable** via a competent Developer who is extremely agile in interfacing multiple API's (as well as WordPress / PHP best coding practices).

Here's a really tasty appetizer to get started with, via Monetas:

“By introducing breakthrough technological innovations and dramatically lowering the cost of doing business, whole new classes of businesses become viable...

- Global remittances at a fraction of what they cost today.
- Community currencies on a fully-featured, reliable, secure, open platform.
- Virtual currencies for online games with advanced features available nowhere else.
- Digital currencies immune to political interference, inflation, and devaluation.
- Crowd-funding platforms that are truly borderless and globally accessible.

- Digital escrow services that are highly secure and require no intermediary.
- Electronic contracting services with automated algorithmic contract execution.
- Electronic voting systems that offer provable security and privacy.
- Micro-payments to solve resource allocation and tragedy of the commons problems for digital infrastructure services such as mesh networks and decentralized storage.
- Social networks that are decentralized and peer-to-peer, where you retain full and exclusive control over your information.
- Prediction markets that surface information more efficiently and accurately than opinion polls or any other method.
- Financial markets that are jurisdictionless, globally accessible, and highly liquid and many, many more.”

Remember: The same, exact open source OT code base used by Monetas is [available to everyone, 24/7, free of charge](#) (as is the [OT developer client](#)). To their credit, Monetas does at least generously provide a cost-free, fully functional OT server to develop apps and / or take OT for a test spin. Mighty kind of you, Monetas!

Monetas
Instant. Global. Secure. Private.

Home Products Solutions Support Company

The world's most advanced system for financial and legal transactions.

Instant. No more waiting.

Global. Worldwide borderless payments and trade.

Secure. Say goodbye to hackers and lost wallets.

Private. Your money is your business.

for Individuals
Our **consumer mobile app** puts the world at your fingertips and is a real pleasure to use—no bank account required.

for Businesses
Our **merchant solution** enables you to sell globally without risk—no merchant account required.

for Entrepreneurs
Our **enterprise platform** enables you to build amazing new products and services that will wow your customers.

Nimble Nyms And Naughty Blockchains

As we've seen with various bitcoin exploits over the years, blockchain-based altcoins have distinct vulnerabilities and limitations that are *completely irrelevant* with OT. For example, with OT there's simply no need for a blockchain, whatsoever.

This is made possible by the fact that OT needs to track / archive only and ever just one receipt of any one transaction at any given moment. In other words, *only one Nym can possess any one specific trade instrument or asset at any one given time* (regardless of instrument type).

However, as with all other types of digital currencies (i.e. fiat, virtual currencies, game tokens, etc.)...

OT is right at home with any and all blockchain-based crypto's, as well. Moreover, OT completely obliterates the need for a blockchain altogether (and the hassles that go with it), such as no more cumbersome public ledgers. Plus, *coin theft simply does not exist* within OT.

Moreover, OT allows for destructible receipts and account history destruction; while at the exact same time providing provably fair multi-party receipt signing, unlinkable cash transactions (via Chaumian blinding), unchangeable balances and unforgeable transactions.

Quick Nym Recap

- Nyms are either human or non-human OT “characters” or “personalities” that carry out your financial bidding in a remarkably anonymous manner (which can easily be scaled up for strong anon, via Tor, etc.)
- Non-human Nyms can be bound by digital contracts and set on “autopilot” to automagically perform impressive fiscal feats and / or trades, under very specific terms and / or conditions.
- Each Asset / Trade Instrument can only be owned by 1 Nym at any given moment. Period.
- A Nym's assets CANNOT be stolen, nor replicated; all transactions are **100% unforgeable** and are merely transferred to another Nym in a **100% provably fair** manner (including via multi-signatures).
- Transferring assets / trade instruments / contracts between Nyms is the exact same principle as transferring a title or deed offline. Only with OT, it's now **vastly quicker, easier, safer, and more secure**. Wrap your mind around that tender, juicy bit of Pure Financial Awesomeness for a few.

Therefore: *Only one receipt need ever be tracked / archived for any given asset; which simply boils down to proof of Nym ownership.*

Traits Of The Ultimate Basket Currency Risk Hedger

To understand the Ultimate Basket Currency (**UBC**), you need to understand the *underlying traits*. Once you truly understand the underlying traits... powerful risk-hedging basket currencies can quickly and easily be added **on the fly** via the OT platform. It makes the mind simply reel in euphoric ecstasy with all the highly pleasurable possibilities!

Firstly, a genuine UBC would be completely suitable for use as an actual spendable currency. Each unit of a UBC could even be token / key driven in a “pay-as-you-go” model. For example, each unit of a UBC would effectively act as a 'coin purse' or 'key ring'.

Each token could then be spent as currency on say digital downloads, *without having to transfer ownership of the actual underlying instrument* (the actual unit of UBC the tokens or keys are assigned to). This opens up a whole universe of profitable opportunities via value-adds, bulk discounts, rewards points, a referral program, etc.

Conversely, each unit of UBC is also a *powerful volatility hedge*. This is because each core unit UBC is *always backed by it's underlying assets* (regardless of whether or not it actually contained any tokens).

A UBC's underlying assets would typically comprise of at least three relatively low trade value, albeit *highly stable* altcoins (+) one highly stable **virtual currency**. In the article I opened up with, I gave a colorful example of a very simple basket currency comprised of Fastcoins and Sexcoins to create a fictitious basket currency called “FastSexcoins”.

Since both of these two altcoins meet the core requisites of a relatively stable altcoin overtime, and further expanding on this example... we'd only need to add two more components to make it a UBC.

For purposes of this example, we'd simply add a third relatively stable, albeit faster-growing and more lucrative altcoin into the mix (Dogecoin) and a super-stable virtual currency (SecondLife Lindens, aka L\$'s or SLL's), via VirWox:

- Then, by tying in both the Cryptsy API and the VirWox API straight into the OT API... We'd have ourselves the makings of one Badass Hombre of a real-time asset / trade instrument exchange platform.
- And if the Easy Digital Downloads (EDD) API was the “hub” of the entire operation, you'd also have a very impressive array of powerful yet convenient eCommerce tools at your immediate disposal, as well.

Mind you, this *doesn't even begin to scratch the surface* of what OT can actually do (particularly if integrated with a carefully selected handful of other delightfully robust API's).

Parting Thoughts

In the next issue of The Tao of Bitcoin we'll be exploring in greater depth on exactly just how a UBC would function beautifully as an actual spending currency and a powerful risk management tool *simultaneously*. We'll also be exploring a **mad-hot sexy** Crypto topic...

Yep, you guessed it... Arbitrage, baby! I very recently discovered a sensuously seductive open source trading client that - *when combined with another completely unrelated online resource* - will have you salivating with **hungry anticipation**.

Very powerful-cool stuff, indeed. See you in The Tao of Bitcoin #3!

Best regards,

Mark M. Bravura

P.S. Simply [register for free on UberNifty.com](https://www.ubernifty.com) to know when issue 3 is released.

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17Ybn96DscKQvDHfFCbQYysEVqQFHWHYyf



***** ANY Altcoin Featured On Cryptsy Is Now Gladly Accepted! *****

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